Labour Market Notes

Highest unemployment rate in over twenty years

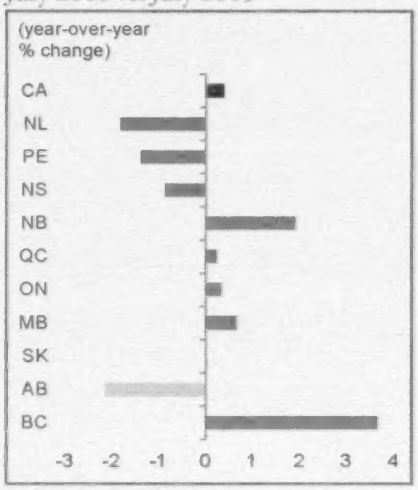
Alberta

- Rate of job loss slowing. Alberta employment fell by 1,400 in July, the fourth straight monthly decline. Year-to-date, Alberta has lost 37,900 jobs.
- Declines in the private sector and self-employment. All of the jobs lost were full-time (-10,600), with part-time positions providing some offset (+9,100). The private sector (-1,300) and self-employment (-6,300) both contributed to lower employment. Conversely, the public sector added 6,200 jobs.
- Goods industries continue to struggle. Seven months into 2016, on a year-to-date basis the hardest hit industries in terms of employment include Agriculture (-22%), Manufacturing (-16%), Forestry, Fishing, Mining, Oil and Gas (-14%), as well as Accommodations and Food Services (-9.7%). Some service industries have bucked the trend and posted year-to-date employment growth including Educational Services (+10.0%), Info, Culture and Recreation (+8.5%) and Trade (+5.1%). Year-to-date, service sector employment remained up by 1.7%, while goods sector employment was down 10.0%.
- Unemployment rate jumps. Alberta's unemployment rate jumped 0.7 percentage points to 8.6 per cent in July, over one-and-a-half percentage point above the national average. A increasing labour force participation rate helped amplify the impact of the employment cuts on the unemployment rate.
- Employment still weaker than the previous year. Employment fell by 2.1% y/y in July, equivalent to 49,100 fewer jobs than a year ago.
- Earnings steadily dwindle. Average Weekly Earnings (AWE) were down 1.1% from the previous month to $1,108 in May. On a year-over-year basis, earnings were down 3.7%, the twelfth straight month of lower earnings compared with the prior year. Service sector earnings weakened further (-2.4% y/y) while goods sector earnings were down 2.7% y/y. Employment declines in the high-paying mining, quarrying, oil and gas extraction industry continue to weigh on earnings.

Canada

- Ontario the big drag nationally. Employment fell by 31,200 in July. Ontario led the provinces in losses (-36,100), followed by Quebec (-4,000). British Columbia added 12,100 jobs. Year-over-year, Canadian employment remained up 0.6%.
- Unemployment rate ticks up. The Canadian unemployment rate ticked up 0.1 percentage points to 6.9% in July.
- Canadian earnings up from April. Canadian average weekly earnings (AWE) were up 0.2% from the previous month to $956 in May. Half of Canada's provinces experienced monthly declines in AWE, while the other five provinces realized modest gains. Canadian earnings were up 0.9% year-over-year as well.

Employment Growth by Province, July 2016 vs. July 2015



Source: Statistics Canada

Alberta Labour Market Indicators

Indicator	Latest*
Employment	2,248,200
month-over-month change	-1,400
year-over-year % change	-2.1%
Alberta Unemployment Rate (UR)	8.6%
Edmonton UR**	7.5%
Calgary UR**	8.8%
Participation Rate	72.3%
Average Weekly Earnings (AWE)	$1,107.66
year-over-year % change	-3.7%
Average Hourly Wage	$29.55
year-over-year % change	+1.3%
Job Vacancy Rate***	1.4%

Source: Statistics Canada

* All data is from the July 2016 Labour Force Survey, except AWE which is the May 2016 Survey of Employment, Payrolls and Hours, and the Job Vacancy Rate is for April 2016.

** This indicator is calculated as a three-month moving average and is seasonally adjusted.

*** This indicator is calculated as a three-month moving average and is not seasonally adjusted.

Alberta Government

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Treasury Board and Finance
Economics and Revenue Forecasting

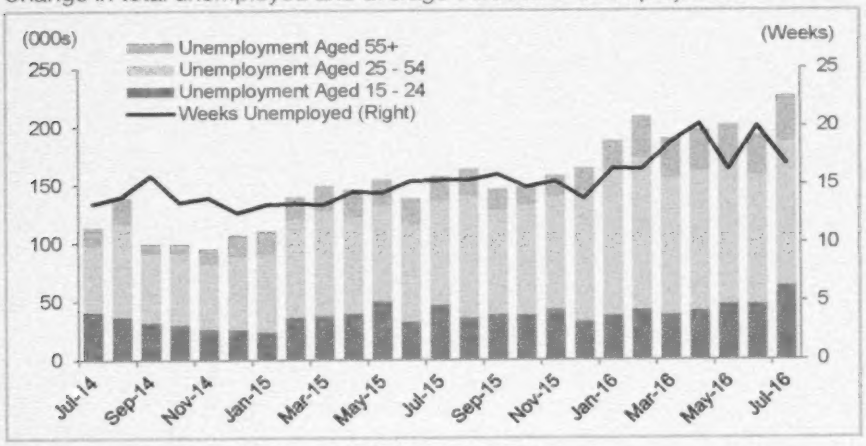
Growing long-term unemployment during the downturn

Alberta's unemployment has risen substantially during the current recession. Workers are also experiencing longer periods of unemployment. Long-term unemployment presents a challenge to a well-functioning labour market. This Labour Insight looks at growing long-term unemployment amid the ongoing economic downturn.

Why does long-term unemployment matter?

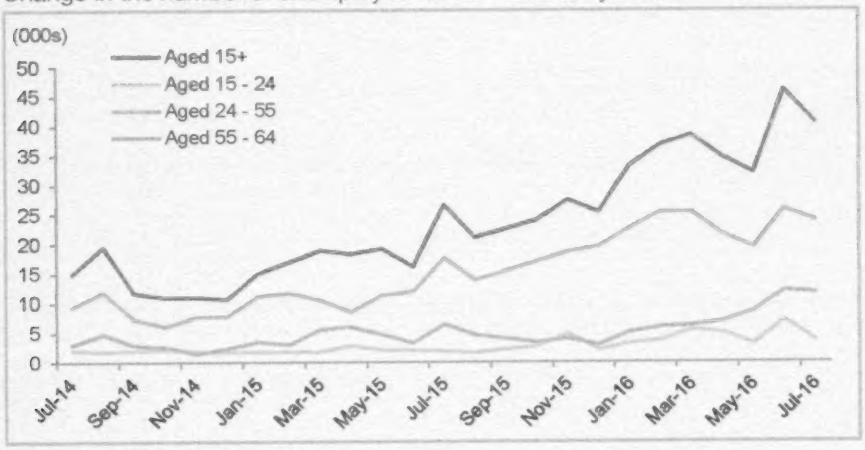
The number of unemployed Albertans has nearly doubled over the past two years - from 114,000 to 225,900 workers - and the average duration of unemployment has increased. Several definitions for long-term unemployment include the US Bureau of Labour Statistics at 27 weeks or more; EU EuroStat at 52 weeks or more; and Statistics Canada with "did not have a job any time during the current or previous year". Numerous studies have found that a prolonged hiatus from gainful employment can erode human capital, increase the difficulty of re-entering the labour force, raise the likelihood of opting out of the labour force, reduce life-time earnings and even harm one's health status. Hence, long-term unemployment can hurt Alberta's labour force vibrancy.

Chart 1: More Albertans are out of work and it's taking longer to find a job
Change in total unemployed and average duration of unemployment



Source: Statistics Canada

Chart 2: The number of unemployed for over six months has skyrocketed
Change in the number of unemployed for 27 + weeks by cohort



Source: Statistics Canada

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Higher, longer unemployment

Unemployed Albertans are having a harder time finding a new job. The downturn has lengthened the average time it takes for people out of work to succeed in finding a new position: average length of unemployment has climbed from 13.4 weeks in July 2014 up to about 17 weeks in July 2016 (Chart 1).

Along with higher unemployment and longer average duration, unemployment exceeding six months has also soared. The number of Albertans unemployed for six months or longer has increased from 14,900 in July 2014 to 40,600 by July 2016 (Chart 2), or up nearly 175%. The impact has varied for different age groups. For workers between the ages of 15 and 24, the number of unemployed has risen by over 75%, from 2,100 workers to 3,700 workers. Mid-career workers aged 25 to 54 have seen a increase of 157%. For workers aged 55 to 64, the cohort nearest to retirement and the most likely to prematurely end their careers, the number has risen by 290%, from 3,000 workers to 11,700 workers. Albertans unemployed for over a year has similarly increased, from 3,100 to 10,000.

Contact

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